

ORIGINAL

NEW APPLICATION



BEFORE THE ARIZONA CORPORATION COMMISSION
Arizona Corporation Commission

COMMISSIONERS DOCKETED

2011 SEP - 7 P 3:43

GARY PIERCE, Chairman
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AZ CORP COMMISSION
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PAUL NEWMAN

DOCKETED BY

BRENDA BURNS

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E-01461A-11-0338

IN THE MATTER OF THE APPLICATION
OF TRICO ELECTRIC COOPERATIVE, INC TO
APPROVE REDUCED DISTRIBUTED
RENEWABLE GENERATION INCENTIVES.

DOCKET NO. E-01461A-11-

APPLICATION
(Request to Expedite Review)

Trico Electric Cooperative, Inc. ("Trico") requests that the Arizona Corporation ("Commission") approve a reduction of the up-front incentive ("UFI") for residential and non-residential photovoltaic ("PV") systems up to 10 kW – from \$1.50 per installed Watt up to 30% of the total cost of the system to \$1.25 per installed Watt up to 30% of the total cost of the system. This reduction is necessary given the volume of UFI applications received in 2011 and the current backlog of applications awaiting payment. This proposed reduction is consistent with the reduced incentives that Trico is requesting in its 2012 Renewable Energy Implementation Plan ("Trico 2012 REST Plan") in Docket No. E-01461A-11-0266.

Trico also requests that the decision be made retroactive, so that the reduced incentive is effective starting at the close of business on September 16, 2011 and remains in effect through the end of the year. This will allow Trico to notify its members while stabilizing its backlog by preventing a substantial rush of applications at the end of the year.

Trico further requests expedited treatment of the application.

In support of this Application, Trico states:

1. On January 20, 2011, the Commission issued Decision No. 72086, which approved Trico's 2011 Renewable Energy Implementation Plan ("Trico 2011 REST Plan"). This was the first

1 plan Trico had filed independent of the Arizona Electric Power Cooperative ("AEPCO"). Trico had
2 participated in AEPCO's REST Plans through 2010.

3 2. The UFI rebates ("Rebates") for customers are part of Trico's SunWatts Residential
4 and Commercial Rebate Program ("SunWatts Rebate Program"). For residential and non-residential
5 photovoltaic systems, Trico currently pays a rebate of \$1.50 per installed Watt, up to 30% of the total
6 cost of the system, for systems up to 10 kW in size. Customers receive rebates for projects on a
7 first-come first-serve basis until funding is no longer available. Customers whose systems are
8 approved, but have not yet received a rebate due to lack of funding, are placed on a reservation
9 waiting list until funding becomes available. Trico provides funding based on the approved
10 incentive levels at the time of receipt of the customer's application.

11 3. Trico has had great success with its SunWatts Rebate Program over the last few years,
12 which currently has installed residential distributed renewable generation in excess of the REST
13 investor owned utility targets through 2012. Starting in May of 2011, Trico experienced an
14 unanticipated increase in Rebate applications, that has resulted in a corresponding growth to its
15 rebate backlog for residential and small commercial photovoltaic systems up to 10 kW. The
16 Company believes that reducing the residential and small commercial rebate will best avoid any
17 future increases in the backlog and give the Company the best opportunity to eliminate the current
18 backlog in 2012 or early 2013.

19 4. Since January 1, 2011, Trico has received an additional 51 requests for PV system
20 incentives which equates to approximately \$867,823. Its reservation waiting list currently has 70
21 installed PV systems awaiting rebate payments, equaling approximately \$689,924 as of July 31,
22 2011. In its 2011 REST Plan, Trico budgeted \$649,439 for its SunWatts Rebate Program and an
23 additional \$619,016 to reduce the backlog. Trico also received at total of \$529,060 in American
24 Recovery and Reinvestment Act ("ARRA") stimulus funds towards reducing the backlog in 2009
25 and 2010. Even so, Trico still does not anticipate having enough funding available to eliminate the
26 backlog in 2012. Further, Trico believes a lower rebate is commensurate with incentives other
27 electric utilities provide to customers (taking into account relative differences in electric rates), will

1 continue to encourage customer participation in the current SunWatts rebate program, and will
2 prevent increasing the backlog.

3 5. Trico proposes, for residential and non-residential PV systems up to 10 kW, a reduced
4 rebate of \$1.25 per installed Watt up to 30% of the total cost of the system – from the current rebate
5 of \$1.50 per installed Watt up to 30% of the total cost of the system.

6 6. Trico proposes that the reduced rebate take effect starting at the close of business on
7 Friday, September 16, 2011. Trico believes that this nine day grace period to notify its members
8 about the reduced rebate is sufficient and should give customers in the final stages of completing
9 their PV system purchases enough time to submit applications before the close of business on Friday,
10 September 16, 2011. For any applications received after close of business on September 16, 2011,
11 Trico will provide notice to customers regarding its pending request to reduce rebate levels for
12 residential PV systems, retroactive to September 16, 2011, but will not confirm any applications
13 before the Commission renders a decision on this Application. Should the Commission approve an
14 incentive level that differs from Trico's proposal, then Trico will confirm all reservations received
15 between September 16, 2011 and the date the Commission approves this Application at the incentive
16 level authorized.

17 7. The Commission reduced rebates for Trico in 2010 without damaging the demand for
18 distributed renewable energy. In Decision No. 72021 (December 10, 2010), the Commission
19 approved Trico's proposal to reduce incentives from \$3.00 per installed Watt up to 40% to \$1.50 per
20 installed Watt up to 30% starting July 15, 2010. As in 2010, Trico's proposal to reduce rebates for
21 residential and commercial PV systems up to 10 kW from the close of business on September 16,
22 2011 going forward is designed to prevent a substantial rush of applications at the end of the year
23 and to stabilize the backlog. In this case, however, the proposed reduction is significantly less (only
24 a reduction of \$0.25 per installed Watt).

25 8. Trico believes its Application should be approved as being in the public interest.
26 Customer interest in renewable energy remains strong, and will likely remain even with rebates
27

1 lower than the current levels. The reduced rebate Trico proposes here is equal to the rebate Trico is
2 currently proposing for residential and non-residential PV systems up to 10 kW in its 2012 REST
3 Plan. Reducing the rebate for the remainder of 2011 will further help prevent increases in the
4 backlog and help to eliminate the backlog in 2012.

5 WHEREFORE, Trico respectfully requests expedited approval its Application to reduce the
6 residential and non-residential PV rebate for systems up to 10 kW to \$1.25 per installed Watt up to
7 30% of the total cost of the system starting at the close of business on September 16, 2011.

8 RESPECTFULLY SUBMITTED this 7th day of September, 2011.

9 TRICO ELECTRIC COOPERATIVE, INC.

10
11 By 

12 Michael W. Patten
13 Jason D. Gellman
14 ROSHKA DEWULF & PATTEN, PLC.
15 One Arizona Center
16 400 East Van Buren Street, Suite 800
17 Phoenix, Arizona 85004

18 Attorneys for Trico Electric Cooperative, Inc.

19 Original and thirteen copies of the foregoing
20 filed this 7th day of September 2011, with:

21 Docket Control
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, Arizona 85007

25 Copy of the foregoing hand-delivered
26 this 7th day of September, 2011 to:

27 Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

1 Janice Alward, Esq.
2 Chief Counsel, Legal Division
3 ARIZONA CORPORATION COMMISSION
4 1200 West Washington Street
5 Phoenix, Arizona 85007

6 Steve Olea, Director
7 Utilities Division
8 ARIZONA CORPORATION COMMISSION
9 1200 West Washington Street
10 Phoenix, Arizona 85007

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Mary Appolito